

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Nanci E. Langley, Vice Chairman;  
Mark Acton; and  
Robert G. Taub

Notice of Price Adjustment

Docket No. R2012-6

NOTICE AND ORDER CONCERNING MARKET DOMINANT  
PRICE ADJUSTMENT FOR FIRST-CLASS MAIL AND STANDARD MAIL

(Issued February 22, 2012)

I. INTRODUCTION

On February 21, 2012, the Postal Service filed a notice with the Commission announcing its intent to adjust prices for several market dominant products within First-Class Mail and Standard Mail pursuant to 39 U.S.C. 3622 and 39 CFR 3010.<sup>1</sup> The adjustment is a 2 percent discount on the prices for First-Class Mail and Standard Mail letters, flats, and cards (presort and automation), which include a qualifying mobile barcode or similar print technology inside or on the qualifying mailpieces (2012 Promotion). *Id.* at 1. The 2012 Promotion is proposed to take effect at 12:01 a.m. on July 1, 2012 and will expire at 11:59 p.m. on August 31, 2012. *Id.*

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<sup>1</sup> United States Postal Service Notice of Market-Dominant Price Adjustment, February 21, 2012 (Notice).

## II. POSTAL SERVICE FILING

*Incentive program.* The Postal Service proposes an upfront 2 percent discount on First-Class Mail and Standard Mail letters, flats, and cards (presort and automation) that include, in or on the mailpiece, a qualifying mobile barcode. *Id.* The mobile barcode must direct the recipients of the mailpieces to a mobile-optimized website that facilitates the purchase of a product or service, or to a personalized mobile website that is tailored to the recipient. *Id.* at 1, 4.

The Postal Service states that the 2012 Promotion is designed to encourage mailers to accelerate their integration of more advanced mobile commerce and personalization techniques into their direct mail campaigns. *Id.* at 4. Participants will be required to register for and accept the terms of the 2012 Promotion at least 24 hours prior to their first qualifying mailing. *Id.* at 5. Participants must disclose which permits will be participating in the promotion and agree to participate in a survey at the end of the promotional period. *Id.* The Postal Service plans to open registration around May 1, 2012. *Id.*

The Postal Service will require the mailings to be submitted electronically via mail.dat, mail.xml or Postal Wizard. *Id.* Mailers must affirmatively claim the 2012 Promotion on their electronic postage submissions and certify that each mailpiece contains a mobile barcode. *Id.* Mailers must claim the 2012 Promotion discount at the time of mailing. *Id.* Postage must be paid using a permit imprint, pre-cancelled stamp permit, or qualifying meter mail. *Id.*

*Compliance with 39 U.S.C. 101(d).* In its FY 2010 Annual Compliance Determination Report, the Commission directed the Postal Service to increase the cost coverage of the Standard Mail Flats product through a combination of above-average price adjustments and cost reductions.<sup>2</sup> Although the Postal Service acknowledges that the 2012 Promotion will have the short-term effect of lowering Standard Mail Flats postage revenues, it contends that the long-term effect will be to encourage future

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<sup>2</sup> Docket No. ACR2010, Annual Compliance Determination Report, March 29, 2011, at 106.

revenue growth in Standard Mail Flats and other products by improving the value of direct mail to advertisers. Notice at 8. Thus, it concludes that the 2012 Promotion complies with the Commission's directive.

*Impact on the price cap.* The Postal Service will not calculate the cap implication of the discount as described in rule 3010.14(b)(1) through (4). *Id.* at 9. The Postal Service states that, consistent with past limited-availability discounts, it intends to essentially ignore the effect of the price decrease resulting from the program on the price cap for both future and current prices. *Id.*

*Objectives and factors, workshare discounts, and preferred rates.* The Postal Service lists the relevant objectives and factors of 39 U.S.C. 3622, and claims the program “[t]o a large extent...does not substantially alter the degree to which First-Class Mail and Standard Mail prices already address” the objectives and factors. *Id.* at 9-13. In particular, the Postal Service contends that the 2012 Promotion is an example of the increased pricing flexibility under the Postal Accountability and Enhancement Act (objective 4), and will encourage new mail volumes, which will have the effect of enhancing the financial position of the Postal Service (objective 5). *Id.* at 10. Similarly, the Postal Service claims that the 2012 Promotion encourages increased mail volume (factor 7) and will not imperil the ability of First-Class Mail or Standard Mail to cover its attributable costs (factor 2). *Id.* at 13.

According to the Postal Service, the 2012 Promotion will not impact current workshare discounts. *Id.* As the 2012 Promotion does not exclude any mailers, the Postal Service asserts that it will not affect compliance with any preferred rate requirements. *Id.*

*Mail Classification Schedule (MCS).* The Postal Service provides proposed MCS language in Appendix A of its Notice. It outlines the proposed changes in the MCS for the relevant products. *Id.*, Appendix A.

### III. COMMISSION ACTION

The Commission establishes Docket No. R2012-6 to consider all matters related to the Notice. The Commission's rules provide for a 20-day comment period starting from the date of the filing of the Notice. See 39 CFR 3010.13(a)(5). Interested persons may express views and offer comments on whether the planned changes are consistent with the policies of 39 U.S.C. 3622 and 39 CFR 3010. Comments are due no later than March 12, 2012.

The Commission appoints Derrick D. Dennis to represent the interests of the general public in this proceeding.

### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission establishes Docket No. R2012-6 to consider matters raised by the Postal Service's February 21, 2012 Notice.
2. Interested persons may submit comments on the planned price adjustments. Comments are due no later than March 12, 2012.
3. Pursuant to 39 U.S.C. 505, Derrick D. Dennis is appointed to serve as officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

4. The Secretary shall arrange for publication of this notice in the *Federal Register*.

By the Commission.

Shoshana M. Grove  
Secretary